

ARTICLES OF INCORPORATION
OF
GAITHERSBURG ARTS AND MONUMENTS FUNDING CORPORATION, INC.

A Nonprofit Corporation

I, Sidney A. Katz, Mayor of the City of Gaithersburg, Maryland, 31 S. Summit Avenue, Gaithersburg, MD 20877, being at least eighteen (18) years of age, hereby form a Corporation under and by virtue of the General Laws of the State of Maryland and Section 6B, Gaithersburg City Code.

ARTICLE I. NAME

The name of the Corporation (which is hereinafter referred to as the “Corporation”) is the

Gaithersburg Arts and Monuments Funding Corporation, Inc.

ARTICLE II. DURATION

The period of duration of the Corporation shall be perpetual, provided, however, that the Corporation shall cease to exist:

- A. Upon resolution of the Gaithersburg City Council, as provided in Chapter 6B, §6B-8, Gaithersburg City Code; and
- B. Upon dissolution as provided above, Articles of Dissolution shall be filed with the Maryland State Department of Assessments and Taxation.

ARTICLE III. PURPOSES

Section 1. No part of the funds or revenue of the Corporation shall inure to the benefit of or be distributable to its directors, officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance, of the purposes set forth in Article III hereof.

Section 2. The Corporation shall at all times conduct its financial and other affairs so as to retain its status as a non-taxable corporation organized to fulfill the purposes set forth in these Articles. The Corporation shall to the fullest extent possible under law, conduct its affairs in a manner consistent with the tax-exempt status of organizations under the Internal Revenue Code of 1986, and subsequent revisions of the federal tax laws, as is required to maintain the tax-exempt status of the Corporation.

Section 3. The Corporation is organized and shall be operated exclusively as a nonstock charitable organization. Included among the purposes for which the Corporation is organized under the authority of Chapter 6B, Gaithersburg City Code, are:

- (1) Provide support to the City of Gaithersburg, Maryland;
- (2) Heighten awareness of and seek support for revitalization and arts initiatives within the City of Gaithersburg;
- (3) To raise funds and use those funds for revitalization and arts programs and capital projects approved by the Mayor & City Council, the City Manager or their designee. All funds must be used within the City of Gaithersburg;
- (4) Identify, organize, promote and manage fundraising events for City approved revitalization, arts programs and capital projects;
- (5) Establish donor contacts;
- (6) Account for donated funds;
- (7) Create and distribute promotional/informational material;
- (8) Prepare sponsorship and naming rights packages, for approval by the Mayor and City Council, in support of capital projects;
- (9) Perform all other related duties as determined from time to time by the board of directors.

Section 4. The Corporation shall be nonpartisan, nonsectional and nonsectarian. It shall take no part in, or lend its support to any individual candidate for public office, or to any political party.

Section 5. The purposes for which the Corporation is organized are exclusively religious, charitable, scientific, literary or educational within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue Law.

ARTICLE IV. POWERS

In furtherance of the foregoing purposes and objectives, and subject to the restrictions set forth in Article V, and in Chapter 6B, Gaithersburg City Code and other applicable laws, the Corporation shall have and may exercise all of the powers and is subject to all requirements applicable to nonstock corporations under the Corporations and Associations Article of the Maryland Code. The Corporation may do everything necessary or convenient for the accomplishment of any of the corporate purposes, either alone or in connection with other organizations, entities or

individuals, and either as principal or agent, subject to such limitations as are or may be prescribed by law or contained in this Charter. The Corporation may:

Section 1. Acquire, hold, and use personal property and other property rights necessary to achieve its purposes, including acquisition by gift, bequest, purchase or lease;

Section 2. Make contracts, including employment contracts and contracts for goods and services;

Section 3. Sue and be sued;

Section 4. Accept grants, gifts, or other contributions, subject to any restrictions attached to it by any donor. The Corporation reserves the right to reject any donation if its use would not conform to the Corporation's Charter or meet with City approval;

Section 5. Establish commercial bank and brokerage accounts, with any earnings on funds inuring to the Corporation;

Section 6. Borrow funds which are not secured by the full faith and credit or any property or assets of the City;

Section 7. Exercise any powers set forth in Chapter 6B of the Gaithersburg City Code;

Section 8. Take other necessary or convenient actions.

ARTICLE V. RESTRICTIONS ON POWERS

Section 1. The Gaithersburg City Council may amend the Corporation's Articles of Incorporation by adopting a resolution in accordance with Chapter 6B, Gaithersburg City Code.

Section 2. The Corporation's financial records must be open to inspection by the City Manager or his authorized designee.

Section 3. The Corporation must not:

- (1) Pledge the full faith and credit of the City;
- (2) Issue bonds and notes;
- (3) Exercise any police or general power of the County, except those expressly authorized by law;
- (4) Exercise the power of eminent domain;
- (5) Lease any property as tenant of a term of years beyond the date of termination of the Corporation;

- (6) Encumber any assets or revenue of the City in excess of the amounts budgeted or appropriated for the Corporation by the City;
- (7) Sue the City, its officers, employees, departments or agents as plaintiff.

Section 4. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the liabilities and obligations of the Corporation, the remaining assets shall be distributed to the City of Gaithersburg, or, if such city is not in existence at the time of dissolution, then to one or more organizations which themselves are exempt as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 or corresponding sections of any prior or future Internal Revenue Code, or to the Federal, State or local government for exclusive public purpose.

Section 5. Notwithstanding any other provision of these Articles, this Corporation shall not carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under section 501(c)(3) of the Internal Revenue code of 1986 or the corresponding provision of any future United States Internal Revenue Law.

ARTICLE VI. REGISTERED AGENT AND OFFICE

The post office of the principal office of the Corporation is Gaithersburg City Hall c/o City Manager, 31 South Summit Avenue, Gaithersburg, MD 20877. The name of the Registered Agent of the Corporation in this State is David B. Humpton, whose address is 31 S. Summit Avenue, Gaithersburg, MD 20877. Said Agent is a citizen of, and actually resides in, the State of Maryland.

ARTICLE VII. MANAGEMENT/DIRECTORS

Section 1. Board of Directors. The management of the affairs of the Corporation shall be vested in the board of directors, which shall consist of no less than six (6) members, except as otherwise provided in Chapter 6B of the Gaithersburg City Code. The directors shall be appointed by the Mayor of the City of Gaithersburg, confirmed by the City Council and shall serve for those terms as provided under Chapter 6B, of the City Code. The manner of selection, appointment, term of service and removal of directors is determined according to Chapter 6B, Gaithersburg City Code.

Section 2. Initial Directors. The names and addresses of the initial directors, who shall act until their successors are duly appointed and qualify, are:

[Names forthcoming]

Section 3. Organizational Meeting. The organizational meeting of the board of directors required under Section 2-109, Corporations and Associations Article, Maryland Code, shall be called by a majority of directors appointed under these articles.

Section 4. Directors as Members. For purposes of any law or rule relating to members of a nonstock corporation, the directors of the Corporation (1) also constitute the members of the Corporation; and (2) when meeting as directors, may exercise the rights and powers of members.

Section 5. Except as provided below, and the extent permitted by Maryland law, the Corporation shall indemnify and hold harmless each of its directors and officers against any and all expenses and liabilities, including attorney's fees, actually and necessarily incurred by him or her in connection with the defense of any action, suit, or proceeding, civil, criminal, administrative or investigative, in which he or she is made a party by reason of his or her being or having been a director or officer of the Corporation (whether or not a director or officer at the time such expenses or liabilities are imposed or incurred by him or her) except in relation to matters as to which he or she shall be adjudged to be liable for willful misconduct, gross neglect of duties, or criminal acts in the performance of his or her duties as director or officer of the Corporation. In the event of settlement of such actions, suit or proceeding without adjudication, indemnity shall include reimbursement of amounts paid in settlement and expenses actually and necessarily incurred, including attorneys' fees, by such director or officer in connection therewith, but such indemnifications shall be provided only if the Corporation is advised by its counsel that it is the opinion of such counsel that (1) such settlement is for the best interest of the Corporation and (2) the director or officer conducted himself or herself in good faith and reasonably believed that this conduct was in the best interests of the Corporation and, with respect to a criminal proceeding, the director or officer had no reasonable cause to believe his or her action was unlawful. Such right of indemnification shall not be deemed exclusive of any other right or rights to which the director or officer may be entitled under any bylaws, agreement or otherwise.

Section 6. To the extent permitted by Maryland law, the Corporation shall indemnify and hold harmless the City of Gaithersburg, Maryland, and its officials and employees against any and all expenses, liabilities, suits, damages, claims and judgments in connection with any action, suit or proceeding, civil, criminal, administrative or investigative, relating to or arising out of any action or inaction of the Corporation or its officers, directors or agents. Such right of indemnification shall not be deemed exclusive or any other right or rights to which the City of Gaithersburg may be entitled by law, contract or otherwise.

ARTICLE VIII.

The Corporation is not organized for profit; it shall have no capital stock and shall not be authorized to issue capital stock. The Corporation is a non-membership corporation. Any income of the Corporation shall accrue to the City within the meaning of Section 115 of the Internal Revenue Code.

ARTICLE IX.

In these Articles of Incorporation;

- (1) "City" means the City of Gaithersburg, Maryland.
- (2) "City Manager" means the manager of the City of Gaithersburg, Maryland, or his authorized designee.
- (3) "Corporation" means the Gaithersburg Arts and Monuments Funding Corporation, Inc.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation this ____ day of _____, 2004, and I acknowledge the same to be my act.

SIDNEY A. KATZ, MAYOR